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Press Release



SEC Proposes Amendments to Enhance Disclosure of Order Execution Information

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FOR IMMEDIATE RELEASE
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Washington D.C., Dec. 14, 2022 — The Securities and Exchange Commission today proposed amendments that would update the disclosure required under Rule 605 of Regulation NMS for order executions in national market system stocks, which are stocks listed on a national securities exchange. Rule 605 was adopted in 2000 and provides visibility into execution quality at different market centers. It has not been substantively updated since it was adopted.

“In the 22 years since Rule 605 was adopted, our equity markets have been transformed by ever-changing technologies and business models,” said SEC Chair Gary Gensler. “Current Rule 605 disclosures have not kept up with our markets and provide investors with an incomplete picture of execution quality. Thus, I am pleased that today’s proposal would modernize Rule 605 in a number of ways. This proposal, if adopted, would increase transparency for investors and facilitate their ability to compare brokers. That helps make our markets more efficient, competitive, and fair.”

The proposed amendments would expand the scope of entities subject to Rule 605, modify the information required to be reported under the rule, and change how orders are categorized for the purposes of the rule. Among other things, the proposal would expand the scope of entities that must produce monthly execution quality reports to include broker-dealers with a larger number of customers. In addition, the proposal would modify the definition of “covered order” to include certain orders submitted outside of regular trading hours and certain orders submitted with stop prices. The proposed amendments would capture more relevant execution quality information for these orders by requiring statistics to be reported from the time such orders become “executable.”

The proposed amendments to how orders are categorized would require the reporting of execution quality information for fractional share orders, odd-lot orders, and larger-sized orders. Further, the proposal would require that the time of order receipt and time of order execution be measured in increments of a millisecond or finer and that realized spread be calculated at both 15 seconds and one minute. The proposal would also require new statistical measures of execution quality, such as average effective over quoted spread (a percentage-based metric that represents how much price improvement orders received) and a size improvement benchmark. Finally, the proposal would enhance the accessibility of the required reports by requiring all entities subject to the rule to make a summary report available to the public.

The proposing release [is published on SEC.gov](#) and will be published in the Federal Register. The public comment period will remain open until March 31, 2023, or until 60 days after the date of publication of the proposing release in the Federal Register, whichever is later.

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